

308 Assessment of Community Service Providers

308.1 Introduction

Effective July 1, 2003, Area Agencies on Aging will conduct assessments of community service providers in accordance with the requirements specified in this policy and in accordance with:

1. The Older Americans Act, Section 306 (a)(6)(A)
2. Office of Budget and Management Circular A-133
3. 45 CFR 1321.7(a) and 1321.61(b)(1)
4. The Home and Community Care Block Grant Agreement for the provision of County Based Aging Services (DoA 735)
5. The Division of Aging Home and Community Care Block Grant Manual
6. DOA Administrative Letter 98-7, Implementation of Revisions to the Single Audit Act Applicable to Monitoring and Audits of Subrecipients
7. DOA Administrative Letter 98-11, Self Assessment Guide for Monitoring Area Agencies, Change Notice to Policy Manual, Section 1700
8. DOA Administrative Letter 98-13, Memorandum of Understanding between NC Division of Aging and NC Division of Social Services
9. NC Department of Health and Human Services Policies and Procedures Manual, Monitoring of Programs

308.2 Assessment Plan

- A. An **Assessment Plan** will be developed by each Area Agency on Aging covering the specific period of time covered by the Area Plan. This information will be provided through Exhibit 17 of the Area Plan, which identifies all community service providers within the Planning and Service Area (PSA) and the respective services each provides. The plan will include all unit-based and non-unit based services. When service providers or services change, the assessment plan will be updated to reflect changes. Updates will be consistent with area plan amendment time frames. The assessment plan will identify which community service providers will be reviewed in which year and by whom, (the Area Agency on Aging or Adult Program Representative or other Division of Aging staff). Selection of which community service provider will be reviewed is based upon risk and need discussed below in item D.

The Division of Aging provides prescriptive monitoring instruments for all community-based services. These programmatic instruments can be found on the DOA web site at <http://www.dhhs.state.nc.us/aging/monitor/mttools.htm> and are to be utilized by Area Agencies on Aging for monitoring community-based programs for older adults.

OMB Circular A-133 outlines 14 required areas of compliance monitoring by fund source. Complementary tools to the programmatic monitoring instruments are used to document compliance with the relevant 14 compliance requirements and compliance with the conflict of interest requirement for non-profit entities. These tools are to be completed, by funding source, once programmatic monitoring is completed. The results from these reviews are documented in the monitoring report to the community service provider (subrecipient).

- B. **Unit verifications** will be performed as needed but at least every other year for all aging services provided by each community service provider. This process will be conducted on-site. The area agency will develop an audit trail from the names/units reported on the Units of Verification Report (ZGA-USV) to the basic source documentation {case files, travel logs, log sheets, time sheets, sign-in sheets, etc.}. This audit trail will be followed for each name/units sampled.

A Base Sample will be drawn for each aging service provided by a respective community service provider. The following Base Sample guidelines will be employed:

Total number of Clients Served	Base Sample Size
1 – 10 clients	All clients served
11 – 100 clients	No less than 10 of the clients served
101 – 250 clients	10% of the clients served
251 – 500 clients	7% of the clients served
501 – 1000 clients	6% of the clients served
1001 – 2000 clients	4% of the clients served
2001 – or more clients	2.5% of the clients served

If deemed appropriate by the AAA **or** if 10% of the total units reviewed {not client records} in the Base Sample are found to be ineligible, the sample must be expanded by fifteen (15) new names, or more if needed, and select different month that the provider has received reimbursement. The number of units sampled per client is left to the discretion of the Area Agency on Aging.

- C. **Fiscal Reviews** will be conducted annually for all subrecipients (i.e. service-providing agencies). The annual Area Agency on Aging Self-Assessment will be used to document that the following requirements have been met:
1. After the fiscal year has closed, determine for each subrecipient (yes or no) if the Single Audit requirement threshold under OMB Circular A-133 will be met for that fiscal year.
 2. Indicate which subrecipients will receive an audit under OMB Circular A-133, and which subrecipients will not meet these audit requirements for the ending fiscal year.

3. Indicate (yes or no) that federal awards are used to cover audit cost during the current fiscal year for only those service providing agencies that met the A-133 audit requirements for the previous year.
4. Following the review of the audit report, indicate (yes or no) that the AAA has resolved any audit finding(s) with service providing agencies.
5. For those service-providing agencies that **do not meet** the Single Audit Threshold under OMB Circular A-133, the Area Agency on Aging will conduct an on-site fiscal monitoring review as needed, but at least once every three years. The Fiscal Monitoring instrument can be found on the DOA web site at <http://www.dhhs.state.nc.us/aging/monitor/fmtools.htm>

- D. A **Risk-Based Monitoring** approach to monitoring will be employed by each area agency on aging to appropriately determine the intensity and frequency of Programmatic and Fiscal reviews. Each Area Agency on Aging is required to:
1. Develop criteria for determining “risk” and implementing a “risk based” (high, moderate or low) monitoring plan for each service provider agency (subrecipient). See DOA Administrative Letter 98-7 for guidance on risk-based evaluations.
 2. Annually, evaluate the level of risk (high, moderate or low) for each service provider agency.
 3. At a minimum and regardless of “risk” status, each service provider will receive at least one (1) on-site monitoring visit (either programmatic or fiscal) during a three-year timeframe.
 4. Conduct a review of each service providing agency’s internal controls to assist in determining the most appropriate level of risk. The DHHS Internal Control Questionnaire is to be maintained on file for each service provider and updated as often as changes warrant. The Internal Control Questionnaire can be found on the DOA web site at <http://www.dhhs.state.nc.us/aging/monitor/fmtools.htm>

In addition, **on-site reviews** will be performed under the following circumstances:

1. If non-compliance findings are identified and not corrected by the community service provider within the time frames specified in their Corrective Action Plan.
2. If the area agency and either the office of the county manager or the county board of commissioners agree that an additional assessment(s) is/are warranted.
3. If the area agency and/or the Division of Aging agree that an additional assessment(s) is/are warranted.
4. If requested by the community service provider.
5. If a new community service provider is put in place by a county and that service provider has no recent history of providing aging services.
6. If a service provider is closing out its contract, and will no longer be providing aging services in the subsequent year within that PSA.

Review and approval of the Assessment Plan (Area Plan Exhibit 17) is the

responsibility of the Division of Aging and will follow the process and time frames required to approve regional Area Plans.

- E. **Programmatic Reviews** will be conducted on each new community service provider providing a service within the PSA. A review will not be needed if the provider is a current provider in another county within the respective PSA or if the provider is a current provider [in good standing] in another PSA. This will be consistent with Section 308.3 of this policy. Programmatic Reviews will be conducted on all community service providers as needed but at least once every three years.

NEED is defined as the AAA's knowledge or perception that a problem exists with a community service provider which has the potential to disrupt service, be an audit exception, and/or violate state or federal policy, laws, etc. Need is determined through the area agency's annual risk assessment process as defined in DOA Administrative Letter 98-7 (see item D above).

308.3 Scheduling Reviews

The area agency will develop written procedures describing the process the AAA has adopted in scheduling reviews with community service providers. The assessment period will begin on or after September 1 and will be completed by April 31. The following minimal areas will be addressed:

1. Conditions or circumstances that would warrant exceptions to the annual time frames.
2. A written confirmation scheduling the on-site review will be sent at least 30 days prior to the site visit.
3. Name and position of the Area Agency on Aging staff who normally conduct reviews.
4. Community provider staff who are expected to participate.

Providers of services in more than one PSA will be reviewed in accordance with policy. Area Agencies are to share monitoring information and coordinate the review process with the other involved Area Agency(ies) on Aging to avoid duplicate reviews of service providers during any SFY.

308.4 Assessment Reports

- A. The purpose of the assessment report is to provide timely and meaningful information to the community service provider pertinent to the findings of the on-site review.

1. The area agency will develop written procedures that describe the process of preparing written assessment reports based on the on-site assessment of community service providers.
2. Monitoring reports from the Area Agency on Aging to their subrecipients must be submitted in writing within 30 days of the site visit. Each report contains the following information:
 - a) Name and address of community service provider monitored,
 - b) Fund Sources and specific program monitored,
 - c) Name and title of monitoring staff,
 - d) A summary of the areas reviewed during the site visit and, if applicable, a list of the non-compliance programmatic findings,
 - e) acknowledgement of compliance or non-compliance as related to the applicable 14 Audit Supplement Criteria **by funding source (CFDA #)**, which are:
 - ◆ Activities Allowed or Unallowed
 - ◆ Allowable Costs/Cost Principles
 - ◆ Cash Management: *(Not applicable to aging)*
 - ◆ Davis-Bacon Act: *(Not applicable to DHHS)*
 - ◆ Eligibility
 - ◆ Equipment and Real Property Management
 - ◆ Matching, Level of Effort, Earmarking
 - ◆ Period of Availability of Funds
 - ◆ Procurement and Suspension and Debarment
 - ◆ Program Income
 - ◆ Real Property Acquisition and Relocation Assistance: *(Not applicable to DHHS)*
 - ◆ Reporting
 - ◆ Subrecipient Monitoring
 - ◆ Special Test and Provisions
 - f) acknowledgement of compliance or non-compliance with the Conflict of Interest policy (non-profit entities only),
 - g) a description of relevant findings and areas of non-compliance with recommended corrective action,
 - h) any suggestions for improvement and/or technical assistance,
 - i) and the date a written corrective action is to be received the AAA (normally within 30 days of the issuance of the assessment report). If no non-compliance is cited, the assessment is closed with no further response necessary by the community service provider.

308.5

Corrective Action Plan

- A. The Area Agency on Aging will develop written procedures describing the process requiring local services providers to submit a written Corrective Action Plan when

finding(s) of non-compliance are made. The procedure developed will address the following, at a minimum:

1. Circumstances requiring a corrective action plan.
2. Process for advising a community service provider that there is a need for a corrective action plan.
4. Maximum time frames for a community service provider to submit a plan to the Area Agency on Aging.
5. Follow-up action by the Area Agency on Aging once a corrective action plan is received.

- B. Unless otherwise specified in the assessment report, a written Corrective Action Plan is due to the area agency on aging within 30 calendar days of receipt of the report.

308.6 Follow-Up

The Area Agency on Aging will develop written procedures describing the follow-up action taken to determine that a corrective action plan has addressed issues of non-compliance. The procedure developed will, at a minimum, address the following:

1. Circumstances requiring a follow-up.
2. If follow-up is other than an on-site visit, describe the process and under what circumstances would this occur.
3. Describe the process used to communicate findings back to the community service provider.
4. Time frames for the above activities.

Follow-up visits must occur before the close of the state fiscal year (June 30).